

Educational; law Student's work in legal aid. An otherwise qualifying nonprofit organization formed for the purpose of assisting a school's law students, chosen on the basis of merit and interest, to obtain practical experience with exempt public interest law firms and legal aid societies and that supplements the nominal salaries paid to the students by the participating firms and societies and obtains its funds from contributions of students and alumni is operated exclusively for charitable and educational purposes and qualifies for exemption.

Advice has been requested whether the nonprofit organization described below, which otherwise qualifies for exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954, is operated exclusively for charitable and educational purposes.

The organization was formed for the purpose of assisting students of a particular law school in obtaining practical legal experience with public interest law firms and legal aid societies.

Second and third year law students who are interested in acquiring such legal experience submit applications to the organization. Student interns are selected by the organization on the basis of academic achievement and a demonstrated interest in doing this type of legal services work. All participating public interest law firms and legal aid societies are exempt from federal income tax under section 501(c)(3) of the Code. The participating organizations pay student interns nominal salaries and this organization supplements these salaries by an amount sufficient only to achieve a modest weekly salary. As a result of the organization's subsidy, all student interns receive the same weekly salary.

Funding for the organization's activities comes from contributions of students and alumni of the law school.

Section 501(c)(3) of the Code provides for the exemption from federal income tax of organizations organized and operated exclusively for charitable and educational purposes.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations states that the term 'charitable' is used in section 501(c)(3) of the Code in its generally accepted legal sense. It includes the advancement of education.

Section 1.501(c)(3)-1(d)(3) of the regulations defines the term 'educational' as including the instruction or training of the individual for the purpose of improving or developing his capabilities.

Rev. Rul 70-584, 1970-2 C.B. 114, holds that an organization formed to recruit college students for an internship program designed to employ young people in various phases of local and

municipal government advances education and thus qualifies for exemption under section 501(c)(3) of the Code.

Similarly, the organization here described advances education by supporting the training of individuals for the purpose of improving or developing their capabilities.

The supplemental payments made by the organization also constitute indirect financial support of the public interest law firms and legal aid societies who employ the student interns.

This is compatible with the organization's exemption under section 501(c)(3) of the Code inasmuch as an organization formed and operated for the purpose of providing financial assistance to organizations that are exempt under section 501(c)(3) itself qualifies for exemption under that section. Rev. Rul. 67-149, 1967-1 C.B. 133.

Accordingly, the organization is operated exclusively for charitable and educational purposes and thus qualifies for exemption from federal income tax under section 501(c)(3) of the Code.

Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form 1023, Application for Recognition of Exemption, in order to be recognized by the Service as exempt under section 501(c)(3) of the Code. See sections 1.501(a)-1 and 1.508-1 of the regulations. The application should be filed with the District Director of Internal Revenue for the key district indicated in the instructions to the Form 1023.